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Jon K. Ahlness
Regulatory Branch, St. Paul District
U.S. Army Corps of Engineers
190 Fifth Street East, Suite 401
St. Paul, Minnesota 55101-1638

Scott E. Ek
Principal Planner
Environmental Policy and Review
Minnesota Department of Natural Resources
Division of Ecological Services
500 Lafayette Road, Box 25
St. Paul, Minnesota 55155-4025

RE: Final Environmental Impact Statement, Minnesota Steel Industries Taconite Mine and Steel Mill Project, CEQ # 20070258

Dear Mr. Ahlness and Mr. Ek:

I am writing to provide the United States Environmental Protection Agency's (U.S. EPA) comments on the Final Environmental Impact Statement (FEIS) for the Minnesota Steel Industries (MSI) taconite mine and steel mill project under the National Environmental Policy Act (NEPA), and Section 309 of the Clean Air Act. The project involves an open pit taconite mine operation, ore processing, and a related steel mill. The project is located in Itasca County, Minnesota, near Nashwauk, at the western end of the Mesabi Iron Range.

U.S. EPA reviewed the Draft EIS (DEIS) for the project and rated it "Environmental Concerns – Insufficient Information (EC-2)" in our letter dated March 30, 2007. We identified concerns about the wetlands classification and mitigation, water quality impacts, air quality impacts, tribal resource uses, evaluation of connected actions, and ground water evaluation. Additional information in the FEIS resolves most of our comments on the DEIS; in particular, we appreciate the information on ground water, tribal resources, and water quality impacts. We note that the State of Minnesota has concluded that the project does not require a National Pollutant Discharge Elimination System (NPDES) permit. We also commend the Army Corps of Engineers and the Minnesota Department of Natural Resources for using the Eggers and Reed wetlands classification system, as we suggested.

We have remaining concerns about wetland mitigation, however. We are concerned with in-kind mitigation (especially for shrub-carr, alder thickets, and forested hardwood wetlands) and mitigation ratios. U.S. EPA will make similar comments on the Clean Water Act Section 404 permit application in the near future.

The following information on direct wetlands impacts and proposed mitigation (with proposed tailings basin), is compiled from Table 4.1.10 and pages 4-38 to 4-39.

Eggers and Reed Wetland Type	# acres impacted	Proposed mitigation acreage
Seasonally flooded	2.3	
Floodplain forest	8.2	
Fresh (wet) meadow	50.9	67 (5-year plan; Aitkin sites 229 & 248)
Sedge meadow	56.9	49 (5-year plan; Aitkin sites 229 & 248)
Wet to wet-mesic prairie	0.0	
Shallow marsh	93.4	70 (5-year plan; Aitkin sites 229 & 248)
Deep marsh	66.1	278 (5-year plan; Aitkin sites 229 & 248)
Shallow, open water	222.1	17 (5-year plan; Aitkin sites 229 & 248)
Shrub-carr	112.4	76 (5-year plan; Aitkin sites 229 & 248)
Alder thicket	119.3	
Hardwood swamp	30.3	
Coniferous swamp	1.8	
Coniferous bog	0.1	
Unspecified type		<p><u>5-year plan</u></p> <p>Unspecified acreage along Little Willow River</p> <p><u>20 –year plan:</u></p> <ul style="list-style-type: none"> • 40 (Aitkin site) • 130-140 in Chippewa National forest and/or tribal lands • 150 on-site (during reclamation) • <i>Potential:</i> 190 in-pit restoration (combination shallow marsh, deep marsh, shallow open water)
Wetland total	764.9	
Deep water total	398.2	644 on-site (during reclamation)

- The initial wetland mitigation work proposed at Aitkin sites 229 and 248 (the 5-year mitigation plan) will result in too much shallow marsh and deep marsh and not enough shrub-carr and/or alder thicket. The total acreage of deep marsh

impacted by the entire mining project is estimated to be 66.1 acres; the work proposed at these two sites includes will restore 278 acres of deep marsh, and 70 acres of shallow marsh. Total impacts to shrub-carr wetlands are estimated to be 112.4 acres; proposed shrub-carr restoration at the two sites totals 76 acres. The project will impact 119 acres of alder thicket, but it is not clear whether this wetland type will be included as part of the mitigation, even in the 20-year plan.

- The project does not specifically discuss mitigation for the loss of approximately 32 acres of hardwood and coniferous swamp and 119 acres of alder thicket. We recommend that the mitigation plan include restoring these wetland types in kind. Furthermore, since these wetland communities take a longer time to establish, we recommend that mitigation for these types of communities be implemented as soon as possible and at a minimum should be part of the 5-year mitigation plan and not deferred for later mitigation.
- The FEIS does not supply sufficient information on the three sites where the mining company is proposing for mitigation in the 20-year plan (site 1981 NW, the Chippewa Forest Road decommissioning, and work proposed on tribal lands). We continue to recommend that this part of the mitigation plan include a time line for carrying out this mitigation and assurances that these sites will be available for restoration work in the proposed 20-year time frame. This time line should be established prior to any wetland impacts. We also question the suitability of restoring forest roads as mitigation for hardwood swamp impacts; we understand restoring decommissioned roads to be part of the Chippewa National Forest's long-term management plan. Since this work is part of the forest management plan already, we question whether the Federal government's goal of no net loss of wetlands will be met if mitigation credit is received for this work.
- We continue to recommend that the mining company's initial mitigation plan should emphasize restoration of swamp and shrub habitat types at a 2:1 ratio for the swamps and 1.5:1 for the shrub areas.
- We continue to request that the mitigation plan provide a time line that indicates when wetland-specific impacts will occur and identifies the wetland types that will be removed as the mining work progresses. The company should also prepare a mitigation time line that identifies when and where each wetland type will be replaced. Ideally, the mitigation plan should be designed so it results in restoration of in-kind wetland types prior to project impacts to that same wetland type

We look forward to resolving these issues, and recommend they be addressed in the Record of Decision and the Clean Water Act Section 404 permit.

Thank you for the opportunity to review and provide comments on the MSI mining and steel mill FEIS. If you have any questions or would like to discuss our concerns and recommendations, please contact me at 312-353-1441 or Anna Miller of my staff at either miller.anna@epa.gov or (312) 886-7060.

Sincerely yours,

/s/ Kenneth A. Westlake

Kenneth A. Westlake
Supervisor, NEPA Implementation
Office of Enforcement and Compliance Assurance

Enclosures

cc: Ann Foss, Minnesota Pollution Control Agency